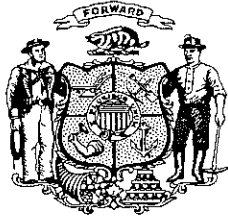


# STATE OF WISCONSIN

SENATE CHAIR  
**MARK MILLER**

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P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-9170



ASSEMBLY CHAIR  
**MARK POCAN**

309 East, State Capitol  
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Phone: (608) 266-8570

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Mark Miller  
Representative Mark Pocan

Date: April 15, 2010

Re: Department of Workforce Development Update on Unemployment Insurance Program

Attached is a report on the Unemployment Insurance program from the Department of Workforce Development.

As required by the motion passed under the January 14, 2010 s. 13.10 meeting, Wisconsin Department of Workforce Development has prepared this update on the Unemployment Insurance program.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP;jm

Department of Workforce Development  
Secretary's Office  
201 East Washington Avenue  
P.O. Box 7946  
Madison, WI 53707-7946  
Telephone: (608) 266-3131  
Fax: (608) 266-1784  
Email: sec@dwd.wisconsin.gov



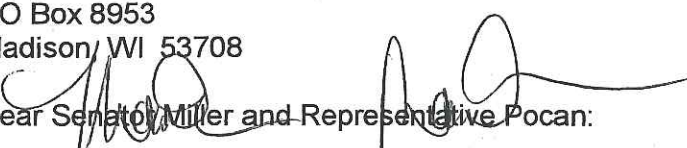
State of Wisconsin  
Department of Workforce Development  
Jim Doyle, Governor  
Roberta Gassman, Secretary

RECEIVED  
APR 15 2010  
BY *St. Finance*

April 14, 2010

The Honorable Mark Miller  
Wisconsin Senate  
PO Box 7882  
Madison, WI 53707

The Honorable Mark Pocan  
Wisconsin State Assembly  
PO Box 8953  
Madison, WI 53708

  
Dear Senator Miller and Representative Pocan:

As required by the motion passed under the January 14, 2010 s. 13.10 meeting, Wisconsin Department of Workforce Development is pleased to share with the Joint Committee on Finance this update on the Unemployment Insurance program.


Please contact me or our UI Administrator, Hal Bergan, if you should have any additional questions.

Best regards,

  
Roberta Gassman  
Secretary

Enclosures

cc: Dave Schmiedicke, DOA

  
Best regards  
Hal Bergan

## Background

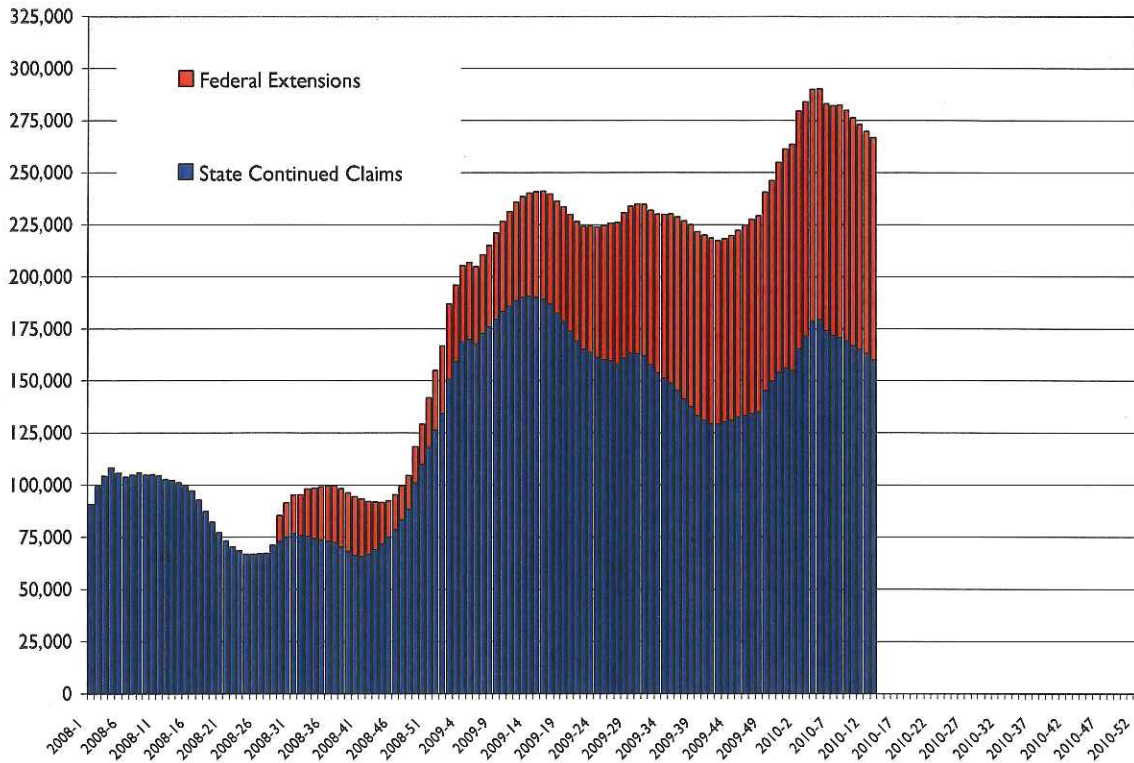
This report is provided in response to a resolution passed by the Joint Finance Committee on January 14, 2010 requesting quarterly information concerning several key metrics of Wisconsin's Unemployment Insurance (UI) program.

This first report covers the time period between January 1, 2010 and March 31, 2010. The first quarter of the year is traditionally a period in which program activity is at a high level in January and early February and then begins to taper off later in the quarter. 2010 follows this general pattern. January features many claims of shorter duration due to one or two-week layoffs during the holiday season. In addition, layoffs in education generate many more relatively complex claims. Finally, January is the beginning of a new quarter, a period that always brings additional claims and questions. These factors are important every year, but were more consequential this year because of the historically high levels of claims the system handled in late 2009.

Since 2007 there has been a dramatic increase in the number of citizens needing support from the UI program. Benefit expenditures in this period tell the story. In 2007, the last pre-recession year, the Wisconsin UI program paid out \$850 million in benefits, all of it from the UI Reserve Fund. In 2008 the Reserve Fund paid out nearly \$1 billion. In addition, Federal extensions accounted for another \$144 million in expenditures as the recession began in the last months of 2008. In 2009 the regular UI program paid out \$1.9 billion and various federal extensions accounted for an additional \$1.2 billion, much of it through the American Recovery and Reinvestment Act. In other words, the UI program paid out nearly three times more in benefits in 2009 than it did in 2008.

*Weekly claims* are those claims filed each week after eligibility has been determined. An *initial claim* is essentially a notice that a person is unemployed and requesting determination of their eligibility. An *initial claim* is also filed to begin a second or subsequent period of eligibility within a benefit year. The graph on the following page gives a clear picture of the dramatic increase in UI *weekly claim* activity from 2008 through the first quarter of 2010.

Four-Week Moving Average of Continued Claims for Unemployment Insurance - Wisconsin  
Including Federal Extensions



Source: DWD, Division of Unemployment Insurance

DWD is currently operating the regular UI program and six different federal extensions. A listing of the programs follows:

	Program	Duration	Created	Trigger
1	Regular UI	Up to 26 wks	ongoing	No trigger
2	EUC* - Tier 1	Up to 20 wks	June 2008	No trigger
3	EUC - Tier 2	Up to 14 wks	Nov. 2008	No trigger
4	EUC - Tier 3	Up to 13 wks	Nov. 2009	Unemployment rate trigger
5	EUC - Tier 4	Up to 6 wks.	Nov. 2009	Unemployment rate trigger
6	Extended Benefits (EB)	Up to 13 wks	ongoing	Unemployment rate trigger
7	High Extended Benefits	Up to 6 wks	Feb. 2009	Unemployment rate trigger

\*EUC=Emergency Unemployment Compensation

Beginning in the fall of 2008 initial claims spiked dramatically and continued at extremely high levels throughout 2009 and into the first weeks of 2010. DWD responded by adding additional staff, particularly claims specialists and adjudicators. The total number of UI staff increased from 601 in July 2008 to 786 in April 2010. The positions were all either project positions or LTEs and were funded entirely by federal dollars, requiring DOA approval. Most of the new hires are now working as claims specialists or adjudicators. After many months of overtime and extended hours, the UI staff has dramatically reduced wait times for those seeking service on the phone and has cut in half the amount of time it takes to resolve more complex issues. The improvement in the quality of service has been significant, but we have learned that events outside DWD's control often affect its operations. Continued vigilance is needed.

During the first quarter there were 303,106 *initial claims*, counting regular UI and the federal extensions.

### **Who Does What in the UI Claims Process**

**Claims Specialists** assist claimants who are unable to complete their claims over the phone or via the Internet. They handle a wide variety of "behind the scenes" transactions with claimants and employers. For example, when a person files an unemployment claim, the employer responds concerning the nature of the separation (layoff, quit, termination, etc). Claims specialists process those responses. These transactions are important to determining eligibility for benefits and facilitating the claims payment process. Claims specialists also identify issues that require more complex decision-making and pass those issues on to adjudicators. The work of claims specialists can occur at the "initial claims" stage when a claim is first filed or during the "weekly claims" period as recipients update their claims each week. There are currently 218 claims specialists and 41 claims support personnel on the UI staff. In 2009, there were 1,297,990 initial claims filed, which in turn generated 11,851,507 weekly claims.

**Adjudicators** deal with more complex issues that can arise when claims are first filed or as the result of changing circumstances that are reported during the weekly claims process. They deal with a wide range of issues that often involve collecting additional information from claimants and employers. Much of this information comes from telephone interviews or Internet fact finding; a significant amount of information is also collected through the mail. Adjudicators' work takes longer and usually results in a written decision mailed to a claimant. There are currently 187 adjudicators on the UI staff and 30 adjudication support personnel. In 2009 UI adjudicators issued 297,907 decisions.

If a claimant or an employer disagrees with an adjudicator's decision, he or she has 21 days in which to file an appeal.

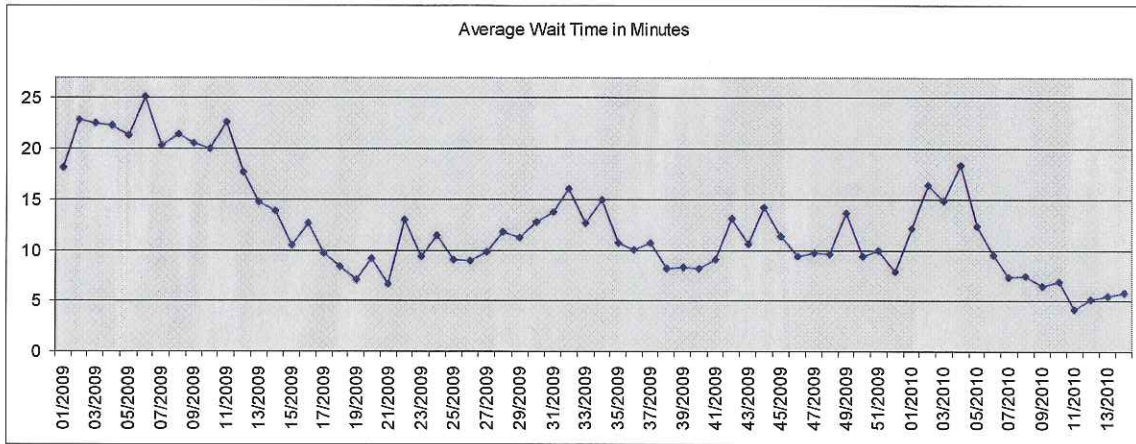
**Administrative law judges (ALJs)** are lawyers who decide the appeals filed by employers and claimants. They preside over proceedings that have rules much like those in a traditional courtroom, though hearings are held both in person and over the telephone. As the number of adjudication decisions increases, the number of appeals also increases. There are currently 30 ALJs on the UI staff. In 2009 they decided 26,634 appeals. There are 25 support staff for the appeals process.

In the most general sense, the process flow in unemployment insurance moves from claims specialists, to adjudicators, to administrative law judges. It is helpful to assess the quarterly data for each step in the overall process.

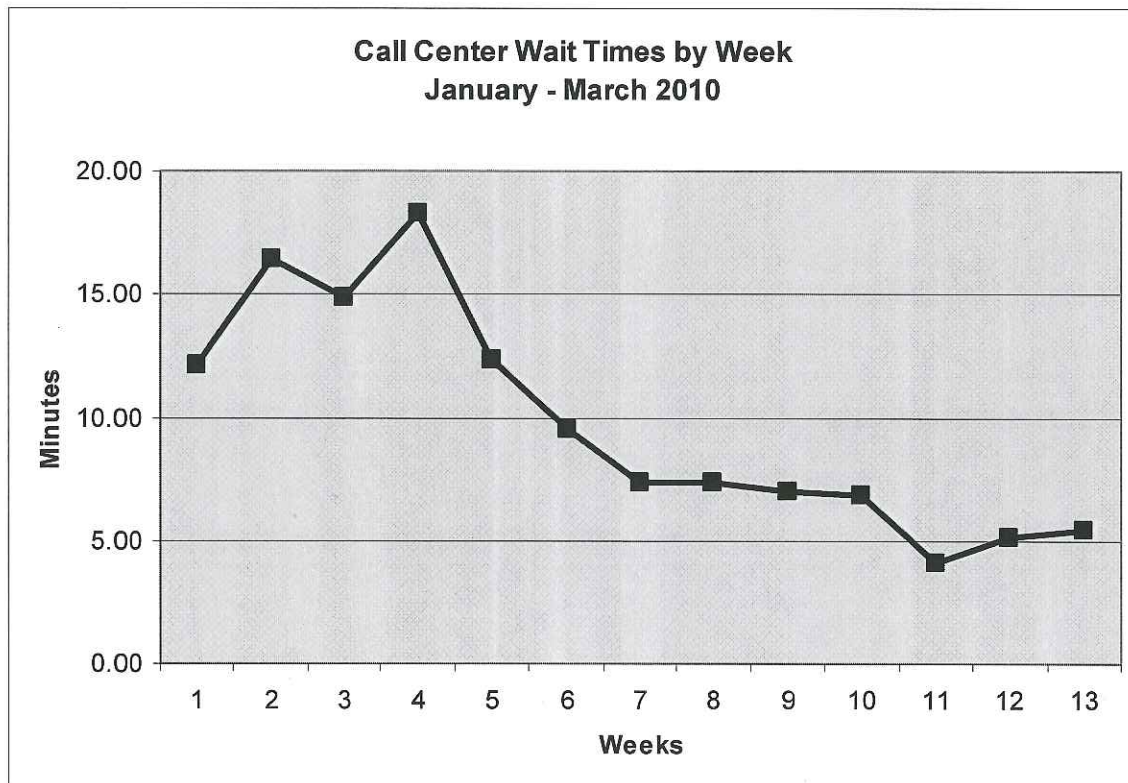
### **Call Center Operations**

Claims specialists are located in two large call centers in Milwaukee and Madison. Most of their work is conducted over the telephone. When the first spike of unemployment occurred in the fall of 2008 there was not enough staff available to handle the load. This was the steepest increase in joblessness in the history of the program. As a result, it was very difficult for claimants to file their claims or have their questions answered. The Department responded by adding LTE and project positions, increasing the number of phone lines and computer capacity, working longer hours, and generally doing everything possible to respond to the overwhelming demand for service.

The chart below shows average wait times by week going back to January, 2009. The improvement is the result of hiring and training new staff and providing them with the tools needed to accomplish their work. Moreover, in recent weeks initial claims have trended sharply downward when compared to the same months in 2009. This trend, along with improved timeliness in adjudication, has reduced the number of inquiry calls.



Specific data for the first three months of 2010 shows a major reduction in wait times as the quarter unfolded. The longer wait times early in the quarter reflect our highest workload period of the year.



Below is the overall call data for the first quarter of 2010. The differences between January and March are particularly noteworthy.

**January**

Dates: 12/27/09 - 1/30/10					
Total					
Calls	Total Calls	Received in Queue	Agent Answered	Claimant Abandoned	Blocked from Queue
IC*	137,143	100,795	85,137	15,658	36,348
Inquiry**	401,461	38,231	34,552	3,679	363,230
Q3***	20,993	20,993	18,698	2,295	0
<b>Total</b>	<b>559,597</b>	<b>160,019</b>	<b>138,387</b>	<b>21,632</b>	<b>399,578</b>

**February**

Dates: 2/1/10 - 2/27/10					
Total					
Calls	Total Calls	Received in Queue	Agent Answered	Claimant Abandoned	Blocked from Queue
IC	49,704	48,524	44,855	3,669	1,180
Inquiry	214,878	45,857	41,287	4,570	169,021
Q3	15,042	15,042	12,662	2,380	0
<b>Total</b>	<b>279,624</b>	<b>109,423</b>	<b>98,804</b>	<b>10,619</b>	<b>170,201</b>

**March**

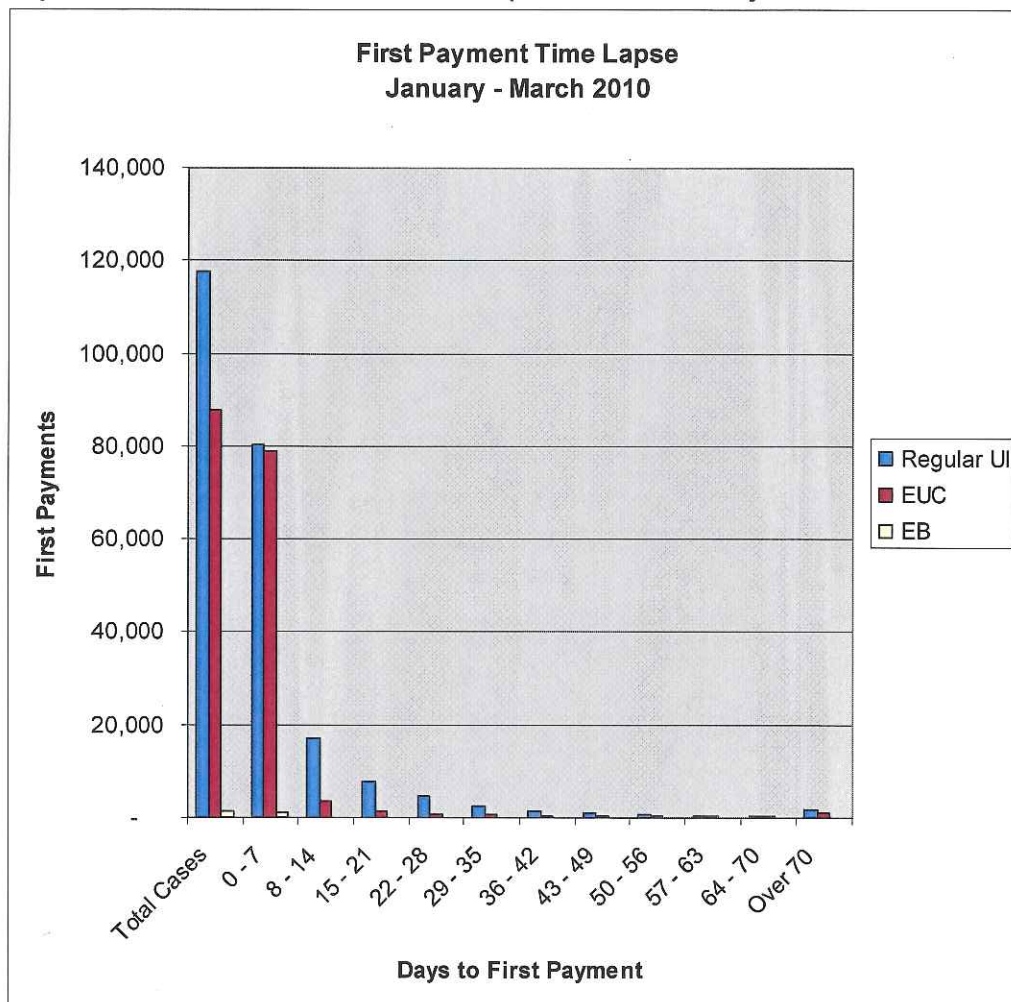
Dates: 3/1/10 - 3/27/10					
Total					
Calls	Total Calls	Received in Queue	Agent Answered	Claimant Abandoned	Blocked from Queue
IC	43,991	42,235	39,998	2,237	1,756
Inquiry	103,625	63,043	57,225	5,818	40,582
Q3	12,341	12,341	11,083	1,258	0
<b>Total</b>	<b>159,957</b>	<b>117,619</b>	<b>108,306</b>	<b>9,313</b>	<b>42,338</b>

\* IC=Initial Claims

\*\* Inquiry=Inquiry calls relating to specific claims and general information

\*\*\* Q3=Calls in response to specific requests from UI staff for claimant information

The chart below deals with the timeliness of *initial payments* to claimants. Wisconsin has done a consistently excellent job in providing timely first payments. In the first quarter of 2010 77 % of initial claims were paid within 7 days and 91% of initial claims were paid within 21 days.

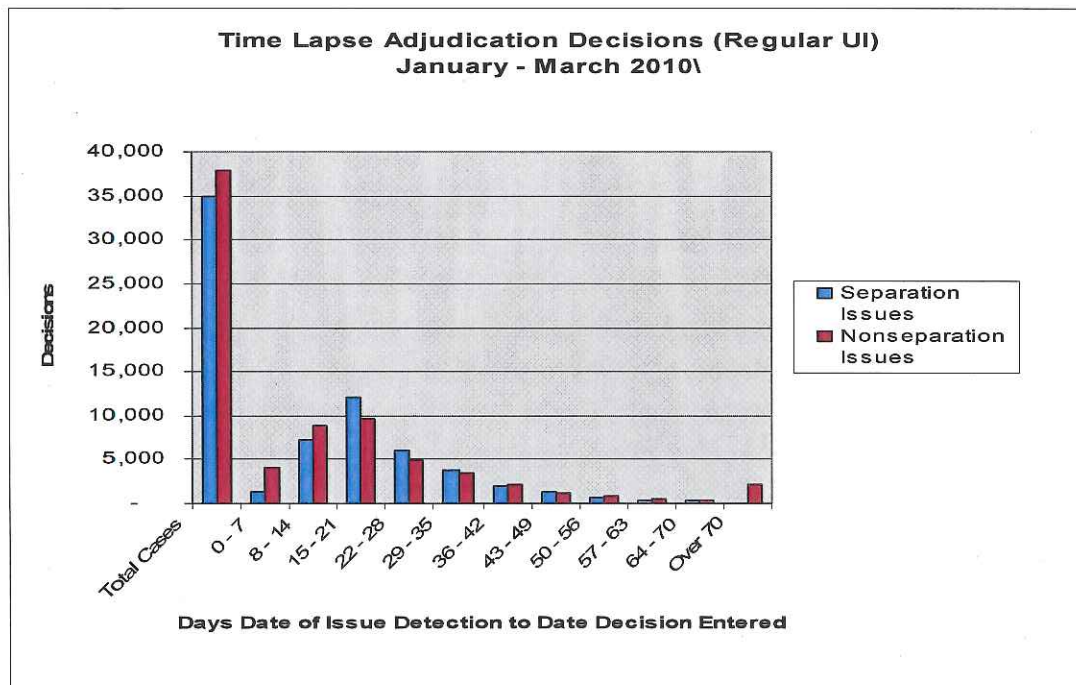
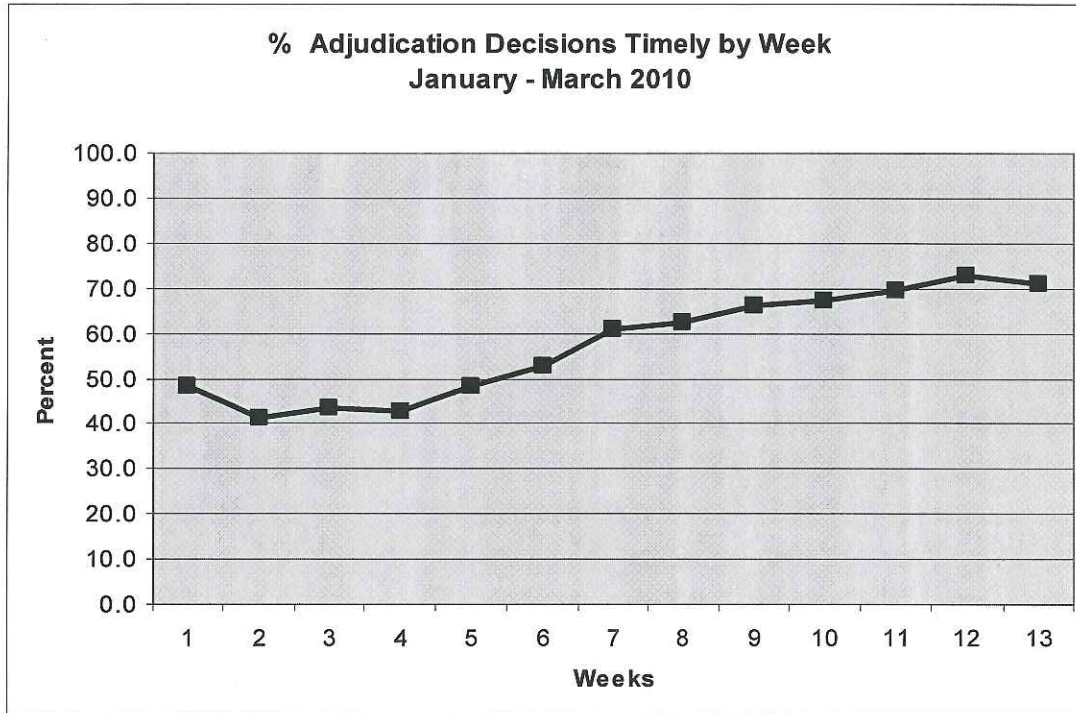


91% of *weekly claims* were paid within 7 days and 95 % were paid within 14 days. In fact, most weekly claims are filed on Sunday and payment is received on Tuesday or Wednesday. There are exceptions, of course, but the weekly claims process is very efficient for most claimants.

## Adjudication

The chart below describes the timeliness of adjudicators' decisions. Separation issues are those that relate to the circumstances of a claimant's separation from his or her job. Was the claimant laid off? Did the claimant quit? If the claimant was fired, was misconduct involved? Non-separation issues relate to questions such as "What were the claimant's wages during the base period?" Was the claimant earning wages during the time he or she claimed to be unemployed?

Adjudicators issued 72,798 decisions during the first quarter of 2010. 62% percent of their decisions were reached within 21 days of their detection. In recent weeks this percentage has been steadily improving and is at its highest level since 2008.

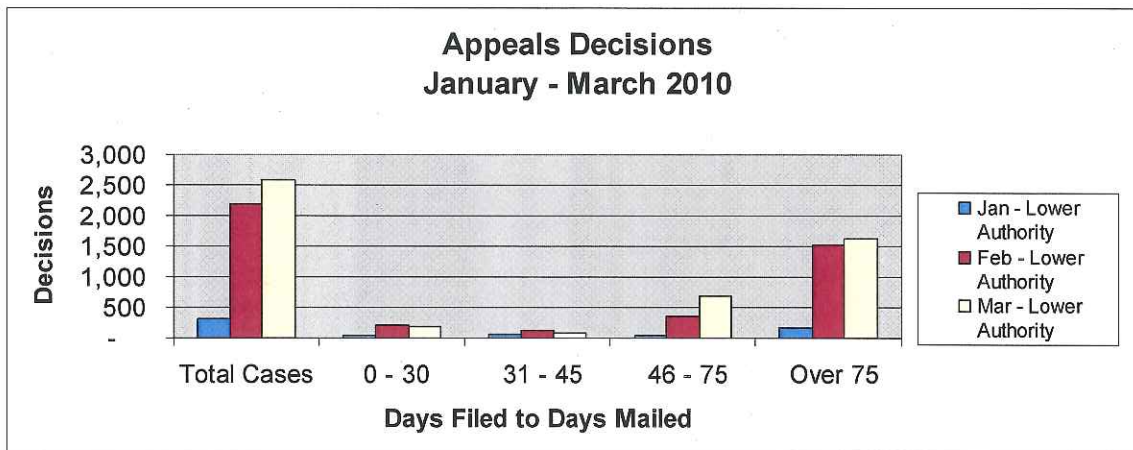


## Appeals

The chart below describes the timeliness of appeals decisions. Over the last several months this performance metric has seen a significant decline. The reasons are two-fold. First, the number of claims has risen dramatically as has the volume of adjudication decisions. Second, there has been a significant wave of retirements among the administrative law judges. Some of this comes from the natural attrition among many long-serving ALJs and some of it doubtless comes from the increasing pressures of the job because of the workload. The UI Division has filled three vacancies and is in the process of filling seven more. The training process for an ALJ is lengthy, so it will be some time until the new recruits are fully productive. Four retired ALJs have returned to part-time duty to help shoulder the load in the meantime.

During the first quarter of 2010, ALJs have issued 6747 decisions.

The Division is undertaking process improvements and scheduling changes that will increase productivity, but it will take time to absorb the pending cases that have accumulated over the last few months.



Month	0-30 Days	31-45 days	46-75 days	Over 75 Days
January	192	90	496	1191
February	200	116	349	1531
March	194	85	684	1619
Total	586	291	1529	4341

Fiscal Year Report Elements for the period: January 2010 - March 2010		
Allotment Line Code and Name	Quarterly Budget	Quarterly Expenditures
Line 1 - Permanent/Project Salaries	\$8,736,947	\$7,688,197
Line 2 - LTE Salaries	\$509,825	\$128,986
Line 3 - Fringe Benefits	\$4,151,420	\$4,485,343
Line 4 - Supplies and Services ( * see below for Line 4 details)	\$10,767,098	\$8,864,054
Line 6 - Aids to Individuals/Organizations	\$120,000	\$150,709
<b>Total Administration</b>	<b>24,285,290</b>	<b>21,317,289</b>

*Line 4 - Supplies and Services items at object level	Quarterly Budget	Quarterly Expenditures
Postage Freight	\$2,796,642	\$2,464,613
Rent (including maintenance expenses)	\$623,987	\$427,157
PR-S General Administration ...see Note (1) below	\$1,519,500	\$1,440,209
PR-S Applications Development (software programming charges)	\$1,418,830	\$1,135,352
Communications (phone charges, including 800 numbers)	\$683,250	\$773,190
All other Supplies and Services	\$3,724,889	\$2,623,533
<b>Total Line 4 - Supplies and Services</b>	<b>\$10,767,098</b>	<b>\$8,864,054</b>

Source: Data Warehouse - WISARD

#### Note (1)

PRS-Gen Adm includes an allocated share of the expenses incurred for services provided by the staff of Finance; Policy and Budget; Human Resources; Payroll; technical computer support, e.g., installing hardware ; Administrator's Office and the Secretary's Office (the allocation/share of expenses is based on utilized positions within the UI Division per month )